

**CHAPTER NO. 176****SENATE BILL NO. 782****By Burchett, Cooper****Substituted for: House Bill No. 1401****By Armstrong, Tindell, Fraley**

AN ACT to amend Tennessee Code Annotated, Title 68, Chapter 11, Part 2, relative to alcohol and drug prevention and treatment services.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 68-11-202, is amended by adding the following new subsection:

(f) This subsection shall establish the criteria for the creation of branch offices by a facility operated for the provision of alcohol and drug prevention and treatment services. Residential treatment facilities and non-residential methadone treatment facilities are excluded from the creation of branch offices. Notwithstanding any provision of law to the contrary, offices providing alcohol and drug prevention and treatment services shall be classified as either a parent office or as a branch office of the facility and only one (1) license shall be required for the parent and its related branch offices. In determining whether the office of a facility is either a parent office or a branch office, the board shall apply the following criteria:

(1) A parent office shall develop and maintain administrative controls of the branch office and house the administrative functions and administrative records of the facility. The parent office shall be ultimately responsible for human resource activities and all financial and contractual agreements for the facility, including both parent and branch offices. The administrative records of the facility shall be viewed by the inspectors and auditors at the parent office;

(2) A branch office is a location where alcohol and drug prevention and treatment services are actually delivered. "A branch office must be sufficiently close to share administrative services with the parent office and must maintain the same corporate name of the parent. The parent office shall make on-site supervisory visits to each branch office and shall maintain regular administrative contact with its branch offices. Documentation of this contact shall be maintained by the parent office. The parent office shall receive at least quarterly written staffing reports from its branch offices, including information regarding staffing needs, staffing patterns and staff productivity. A branch office shall be deemed to be sufficiently close if it is within 100 miles of the parent office; provided that the remaining criteria set forth in this subsection are also applicable. A branch office that is greater than 100 miles from a parent office may be considered a branch office by the board if it otherwise meets the criteria set forth in this subdivision." Locations other than the parent office where merely administrative services take place, such as filling out paper work or conducting staff meetings,

shall not be considered a branch office or part of the license and shall not be subject to inspection or audit;

(3) The parent office of a facility shall have a clearly defined process to ensure that effective interchange occurs between the parent and branch regarding various functions including branch staffing requirements, branch office patient census, total visits provided by the branch, complaints, incident reports and referrals; and

(4) The branch office of a facility shall maintain the same standards of practice for the services delivered by the branch office, as the parent office of the facility, including forms, policies, procedures and service delivery standards. The parent office of a facility shall maintain documentation of integration between the parent office and its branch offices.

SECTION 2. It is the legislative intent that in making the transition to a branch office system, that the aggregate fees collected by the new system be equal to the fees collected by the old system thus making this legislation budget neutral.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.

**PASSED: April 27, 2005**



JOHN S. WILDER  
SPEAKER OF THE SENATE



JIMMY NAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

**APPROVED this 17<sup>th</sup> day of May 2005**



PHIL BREDESEN, GOVERNOR